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30 November 1984

MEMORANDUM FOR: See Distribution

VIA: Chief, Liaison Division/OLL

FROM:   
Liaison Division/OLL

SUBJECT: GAO's Position on Federal Retirement

1. On 30 October and 29 November I spoke with Tom Eickmayer, a GAO Group Chief who is drafting a comprehensive study of Federal retirement options. The study, for Senator Ted Steven's Subcommittee on Civil Service, Post Office and general Services (Senate Government Affairs Committee) will be published in late December.

2. Of particular interest is a chapter on, "Federal Employees Eligible to Retire at Age 50 or Earlier with 20 Years of Service." In addition to intelligence officers, this category includes five other groups. Listed below are the groups, their average age at retirement and their average years of service:

<u>Employee group</u>	<u>Average age at Retirement</u>	<u>Average years of service</u>
1. Park Police	48	23.4
2. Secret Service uniform division	46	25
3. Air traffic controllers	51.7	30.7
4. Central Intelli- gence officer	52.8	29.3
5. Law enforcement officer/firefighters	54.1	26.4
6. Foreign service officers	55.7	27.0
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Regular civil service employees	60.9	28.6

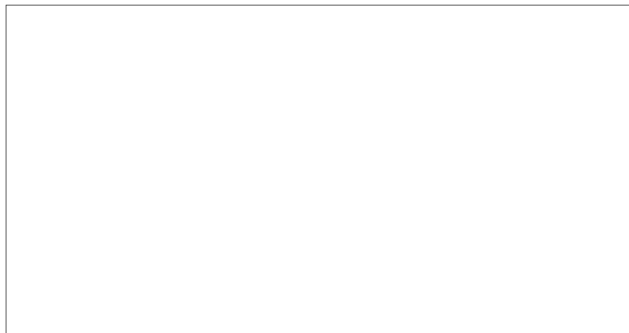
3. The options that GAO plans to recommend for this category of Federal employee are:

- Treat same as regular civil service employees.
- Provide special benefits--
  - A. Regular civil service benefits but no reduction for age
  - B. Higher accrual rate.
  - C. Supplemental payments to age 62.
  - D. More generous 401k plan.

This list of options was developed late last summer when Eickmayer met with representatives from the six other groups; at the time, it did not occur to GAO that CIA employees under CIARDS came under this category as well. According to Eickmayer, the Department of State prefers the option that would provide a more generous 401k plan.

4. The GAO study will stress (as the Senate retirement proposal likely will) a thrift plan similar to the 401k benefit available in the private sector. In fact, Eickmayer and other GAO analysts tried to implement a 401k-type plan in the GAO but the GAO lawyers blocked the attempt claiming that Federal law first would have to be changed. Eickmayer says that Federal employees are the only class of people who do not have the tax-deferred thrift plan as a retirement option.

5. Insofar as changes to the existing Civil Service Retirement System, the GAO predicts only two, if any changes are made: the high three will return to a high five; and, there will be an adjustment to the COLA formula, if the supplemental plan for new hires has something other than full indexing. He suggests a third change might be to raise the age to 62 for full benefits, with reductions down to 55.



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